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Subject: Jemez Mountains Electric Cooperative, Inc. Concerns

To: Bruce Duran <bruce_duran@yahoo.com>

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Chairman Duran:

I have delayed commenting on the forensic audit completed by McHard Accounting Consulting, LLC submitted to JMEC on August 9, 2016 in the hope that the Board of Trustees would take full responsibility for their actions.

While I appreciate the McHard Report is comprehensive though the firm must be cautious about stating opinions. I am concerned regarding the opinion made by McHard Accounting Consulting, LLC on Page 4 (Statement Regarding Allegations of Fraud). An opinion should not have been rendered regarding the guilt or innocence of the involved parties. It appears that McHard Accounting Consulting, LLC has done just that. The issue of fraud is a decision reserved for judge and/or jury after a full review.

In my view, there is a basis for turning the matter over to the District Attorney, the Attorney General and the FBI to request an expanded investigation. This would be conducted to establish if there was any intent to commit fraud.

During a telephone conversation with John Tapia, Board Trustee for District 6, on Friday, October 21, 2016 I specifically spoke regarding the concerns of the findings in the McHard Report. I respectfully requested he step down as Trustee.

During our conversation, John Tapia detailed several alleged accomplishments during his tenure as Chairman of the Board as follows:

1. He personally settled the "Las Conchas Fire" for \$19M out of court and the "gag order" was imposed by the Judge.
2. The Tri-State Generation and Transmission Association, Inc. rate increase before NMPRC and his role in the JMEC protest which saved members over \$3M.

Additionally, during our conversation, John Tapia provided the following:

1. [REDACTED] Board Trustee was receiving a \$40K annual salary from JMEC.
2. JMEC had paid out over \$100K for sexual harassment complaints against [REDACTED]
3. [REDACTED] former Board Trustee was paid \$7M by JMEC.
4. John Tapia stated he owes less than \$7K. After reviewing the forensic audit conducted by McHard Accounting Consulting, LLC this appears to be substantially less than the original calculation.

These statements should be troublesome to JMEC and the Board of Trustees.

The Las Conchas Fire made both local and national news. It was allegedly caused by negligence on the part of both Jemez Mountains Electric Cooperative, Inc. and Tri-State Generation and Transmission. The October 30, 2015 JMEC minutes also dispute John Tapia's statement.

The Tri-State Generation and Transmission Association, Inc. rate increase before the NMPRC was protested by four (4) Co-ops. The Continental Divide Electric Cooperative, Inc., Springer Electric Cooperative, Inc., Kit Carson Electric Cooperative, Inc., and Jemez Mountains Electric Cooperative, Inc. As I understand, the NMPRC decision was to be an interim rate increase with a cost savings for all NM co-ops. Only three cooperatives are required for protest.

The Board of Trustees have *approved* countless findings, after the fact, in the forensic audit report to provide the appearance that there was no wrong doing and to remove them from any liability. This forensic audit does not include the questionable mileage and credit card charges by the Trustees. The Board of Trustees do not have the authority to change the official findings of the forensic audit. The role of the Board of Trustees is to provide fiduciary oversight only. They should be held to a high standard of honesty and full disclosure to the membership and should derive no personal benefit.

The claims John Tapia made regarding [REDACTED] and [REDACTED] are troubling and need to be responded to by the Board of Trustees and the JMEC members. As a JMEC Cooperative member, I would like to request a comprehensive explanation regarding the statements that have been made by John Tapia.

Lastly, John Tapia indicated he would not run again for Board of Trustee but had no intention of stepping down.

Thank you for your review and attention to this matter.

Richard Rochester
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